

State of Idaho
Low-Income Home Energy Assistance Program
Weatherization Waiver Request

The State of Idaho Department of Health and Welfare (IDHW) is requesting the United States Department of Health and Human Services (HHS) to waive the maximum percentage limits placed on funds used for weatherization services within the Low-Income Home Energy Assistance Program (LIHEAP). Authority to request a waiver appears in the July 6, 1982 Federal Register 47 FR 29472 Part 96 of Title 45 of the Code of Federal Regulations as amended, with final rules published May 1, 1995 in 60 FR 21322.

The statute provides that, after reviewing a grantee's waiver request, HHS may grant a Good Cause Waiver if it determines that the grantee, in this case, IDHW:

1. Demonstrates good cause why a waiver should be granted;
2. Provides all required information;
3. Shows adequate concern for timely and meaningful public review and comment; and
4. Proposes weatherization that meets all relevant requirements.

IDHW's request for a Good Cause Waiver addresses all four of these criteria and includes the following:

- A request to HHS to allocate up to 25% of available LIHEAP Energy Assistance Program funds to the Weatherization Assistance Program.
- A report of the number of households served and benefit dollars disbursed during program years (PY) 2014 and 2015, as well as documentation in support of a Good Cause Waiver.
- A report on weatherization services provided, along with a summary of measureable savings in energy expenditures directly attributable to weatherization services in Idaho.
- A summary of additional factors that support our request for a Good Cause Waiver.

Percent of Allocation Transferred to Weatherization

45 CFR 96.83(c)(1)

IDHW is requesting a waiver to transfer up to 25% of available FFY 2015 LIHEAP Energy Assistance Program funds to the Weatherization Assistance Program, which would be a total of

\$4,746,563 (based on the current 99% FFY 2015 award). Approval of this waiver request will increase weatherization funding from 15% up to 25%.

HHS approval of the full 25% would bring all potential LIHEAP dollars to Idaho and provide opportunities for agencies to enhance their programs and existing LIHEAP funding options.

Qualifying Criteria

45CFR 96.83(c)(2)(i) Households Served

45CFR 96.83(c)(2)(ii) Energy Assistance Benefits Provided

Table 1:

Households Served and Energy Assistance Benefits Provided, FY 2014 and FY 2015

| FY 2014: | |
|--|-------------------------|
| LIHEAP Regular + Contingency Grant Award | |
| Total Grant Award | \$19.19 million |
| Energy Assistance | \$10.05 million |
| Households Served | 47,701 |
| <i>Additional Energy Assistance Funds*</i> <i>Grocery Tax Fund</i> | <i>\$ 0.23 million</i> |
| Total Energy Assistance benefits provided | \$ 10.27 million |

| FY 2015 (estimated): | |
|--|-------------------------|
| LIHEAP Regular + Contingency Grant Award | |
| Total Grant Award to date (99%) | \$18.99 million |
| Energy Assistance | \$10.63 million |
| Households Served | 37,000 (estimated) |
| <i>Additional Energy Assistance Funds*</i> <i>Grocery Tax Fund</i> | <i>\$ 0.25 million</i> |
| Total Energy Assistance benefits provided | \$ 10.88 million |

***Funding Note: Grocery Tax Fund**

In FY 2014 we received \$226,700 from the Cooperative Welfare Grocery Tax Fund to use for Energy Assistance benefits in Idaho. With the added funding available from the Grocery Tax Fund, the total amount we spent for Energy Assistance in FY 2014 was approximately \$10.27 million.

In FY 2015 we received \$250,200 from the Cooperative Welfare Grocery Tax Fund to use for Energy Assistance benefits in Idaho. With the added funding available from the Grocery Tax Fund, the total amount we estimate spending for Energy Assistance in FY 2015 is approximately \$10.88 million.

Good Cause Waiver

45 CFR 96.83(e)(1)

The State of Idaho does not meet all the Standard Waiver criteria as set forth in 45 CFR 96.83(c)(2).

We do meet the criteria set forth in 45 CFR 96.83(c)(2)(ii): the aggregate benefit amount for FY 2015 will be greater than in the previous year. As noted in Table 1, during FY 2014 we issued \$10.27 million in Energy Assistance benefits, and we estimate issuing approximately \$10.88 million in Energy Assistance benefits in FY 2015. This equates to an increase of approximately \$610,000.

Although we meet the criteria set forth in 45 CFR 96.83(c)(2)(ii) as noted above, we do not meet the criteria set forth in 45 CFR 96.83(c)(2)(i), i.e., we anticipate that the total number of households served for FY 2015 will be less than in the previous year.

The following documentation demonstrates good cause why a waiver should be granted to allocate up to 25% of available LIHEAP Energy Assistance Program funds to the Weatherization Assistance Program.

45 CFR 96.83(e)(1)(i)

Households Served

The aggregate amount of Energy Assistance benefits our service population will receive this year (including the Grocery Tax fund) is more than the benefits received during FY 2014.

As noted in Table 1, during FY 2014, 47,701 households received Energy Assistance in Idaho, and we estimate that approximately 37,000 households will receive Energy Assistance during FY 2015. This equates to a difference of over 10,000 households.

We believe this reduction in the number of households served is due to multiple factors.

The number of households served in FY 2014 was unusually high due to our decision to lower the average benefit amount for that year in order to serve more households. We also saw higher demand for Energy Assistance in FY 2014, as we planned to serve 45,000 households but the actual number of households we served was 47,701.

In FY 2015 we reevaluated our Energy Assistance benefit amounts and made a decision to increase the average benefit amount in order to provide a more meaningful Energy Assistance benefit to the households served. By making that decision we knew we would serve fewer households than in FY 2014, but in FY 2015 those households received a higher, more meaningful benefit.

45 CFR 96.83(e)(1)(ii)

Changes to Idaho's LIHEAP Income Eligibility Criteria and Average Benefit Amount from FY 2014

Idaho's LIHEAP Income Eligibility Criteria did not change from FY 2014 to FY 2015; applicants must be at or below 150% of the Federal Poverty Guidelines in order to be eligible for LIHEAP benefits. Idaho's non-financial LIHEAP Eligibility Criteria also did not change from FY 2014 to FY 2015.

In Idaho, the household's LIHEAP benefit amount is calculated based on the household's fuel type, heating area, and calculated energy burden. For both FY 2014 and FY 2015 we also added an extra \$25 (a "Target Bonus") to the benefit amount of households that included a member of one of three "target" populations: under the age of 6; over the age of 60; or disabled.

Idaho's Average Benefit Amount increased from FY 2014 to FY 2015. In FY 2014 the minimum LIHEAP benefit was \$40 and the maximum benefit was \$425, with an average benefit amount for benefits paid out from October 2013 – June 2014 of \$187.53. In FY 2015 the minimum LIHEAP benefit was \$40 and the maximum benefit was \$642, with an average benefit amount for benefits paid out from October 2014 – April 2015 of \$269.29. The average benefit amount for FY 2015 was \$81.76 higher than the average benefit amount for FY 2014, an increase of over 40%.

45 CFR 96.83(e)(1)(iii)

Modifications to the LIHEAP Application Period from PY 2014; Season Dates and Season Length

Season Dates and Season Length:

The FY 2015 heating season opened on October 14, 2014 and closed on April 3, 2015 (encompassing a total of 172 days). The FY 2014 heating season opened on October 1, 2013 and closed on June 27, 2014 (encompassing a total of 270 days).

Although the FFY 2015 heating season was significantly shorter than the FY 2014 heating season, the FY 2014 heating season length was not representative of a normal heating season. Idaho plans heating seasons around an estimated season length of October 1 – March 31 (26 weeks / 182 days), and adjusts the season based on funding availability and the demand for benefits. In FY 2014 we extended our heating season to June 27, 2014 because we received an unexpectedly large second award, and had additional funding available to serve more households. In FY 2011 – 2013 our seasons were all less than 170 days in length. At 172 days, the FY 2015 season was in line with a normal heating season for Idaho.

Outreach and Enrollment of Eligible Households:

For both the FY 2014 and FY 2015 heating seasons we hired and trained staff in September, then conducted outreach and enrollment of seniors, disabled and homebound individuals in October. We opened the heating season to all individuals on November 1st of each year.

For the FY 2015 heating season we performed the same types of outreach as in FY 2014 (following the Idaho State plan as submitted to HHS). The following outreach activities were conducted to ensure eligible households were aware of all LIHEAP assistance available:

- Provide intake service through home visits or by telephone for the physically infirm (i.e. elderly or disabled).
- Provide program information to local and county social service offices, offices of aging, Social Security offices, VA, etc.
- Publish articles in local newspapers or broadcast media announcements.
- Include inserts in energy vendor billings to inform individuals of the availability of all types of LIHEAP assistance.
- Inform low-income applicants of the availability of all types of LIHEAP assistance at application intake for other low-income programs.
- Execute interagency agreements with other low income program offices to perform outreach to target groups.

Weatherization Measures, Cost Effectiveness, and Program Benefits

45 CFR 96.83(c)(2)(iii)

45 CFR 96.83(c)(5)

Idaho's weatherization network provides cost-effective weatherization services that reduce the energy burden of our most vulnerable households. Using measurable and quantifiable data, Idaho can show that each weatherized dwelling meets a per-job Savings-to-Investment Ratio of 1.0 or greater as required by program contracts and the Idaho Weatherization Operations Manual.

Idaho's Weatherization Program Benefits

Idaho's Weatherization Program installed weatherization measures in 525 units between April 2014 and March 2015. These installed measures produced energy savings of 16,012.5 Millions of British Thermal Units (MBTUs) per the WAP algorithm. These energy savings will accrue each year during the lifetimes of the energy measures.

The Weatherization Program provides "non-energy" benefits as well. Non-energy benefits accrue to utilities and ratepayers (mostly due to reductions in delinquent bills), participants (improved comfort, health, property value, etc.), and society (benefits to the economy and emissions reductions).

Home Energy Audit

To be considered a complete weatherized unit, all homes must receive a comprehensive, on-site, home energy audit prior to receiving weatherization services. Staff who conduct the audits are trained and qualified according to DOE Weatherization requirements..

Idaho's "house-as-a-system" approach to comprehensive home energy audits consists of the following elements (as applicable per home):

- Completing visual assessment of existing conditions and insulation levels – noting any health and safety concerns.
- Noting fuel types, condition and size of space and water heating equipment – designating primary and secondary heat sources.
- Measuring the residence for the volume of the living space and square footage of the building envelope.
- Surveying the occupant about building characteristics that may be helpful in developing a work plan (e.g. asking if there are any particularly drafty areas), and assessing lifestyle considerations.
- Performing a blower-door test.
- Conducting pressure diagnostic tests of HVAC system and building zones.
- Performing combustion safety tests.
- Conducting client education, noting opportunities to provide low cost base load energy conservation measures. Auditors provide consumer conservation education to all weatherization participants.

Using this information as a basis, a customized scope of work is developed for each home based on IDHW procedures governing health and safety, air sealing, pressure diagnostics, and repairs, as well as information collected using the DOE-approved computerized energy audit EA5. Local agencies are required to review a weatherization-specific scope of work with all clients receiving weatherization services.

Air Sealing and Pressure Work

Applicable cost-effective air sealing is a high-priority service. EA5 may be used to determine air infiltration reduction cost benefits and is used in conjunction with Idaho's Blower Door and Air Sealing Procedures, and the Duct Pressure Test Procedures.

Additional Factors Supporting the Waiver Request

The goal of the State's request is to reduce the long-term energy and heating bills of low-income families. LIHEAP heating and crisis assistance are critical services; however, the long-term benefits of LIHEAP weatherization assistance reduces the number of delinquent utility payments and the need for energy assistance applications, resulting in fewer service shut-offs and freeing up household income for other needs.

Weatherization-related measures and repairs, energy-related health and safety measures and repairs, as well as the delivery of consumer conservation education, are preventative and long-term in nature. Weatherization measures reduce energy burden through energy retrofits, eliminate structural hazards (thereby protecting building occupants), and preserve the efficacy of weatherization materials. Delivery of consumer conservation education provide opportunities for weatherization recipients to take a direct role in learning and implementing energy-efficiency measures, perform routine maintenance of their mechanical equipment, and take part in long-term behavior change.

Idaho has consistently shown that we are able to use any weatherization funding that we receive in an effective and efficient manner. For example:

- In PY 2014, Idaho received \$1.55 million in DOE funding. From April 2014 to March 2015 Idaho's local agencies weatherized 525 units, 114% of the original production target of 460 units.
- In PY 2013, Idaho received \$1.55 million in DOE funding. From April 2013 to March 2014, Idaho's local agencies weatherized 269 units, 131% of the original production target of 206 units.
- In PY 2012, Idaho received \$1.5 million in DOE funding. From April 2012 to March 2013, Idaho's local agencies weatherized 374 units, 231% of the original production target of 162 units.

Idaho's performance with ARRA and SERC funds was similarly effective:

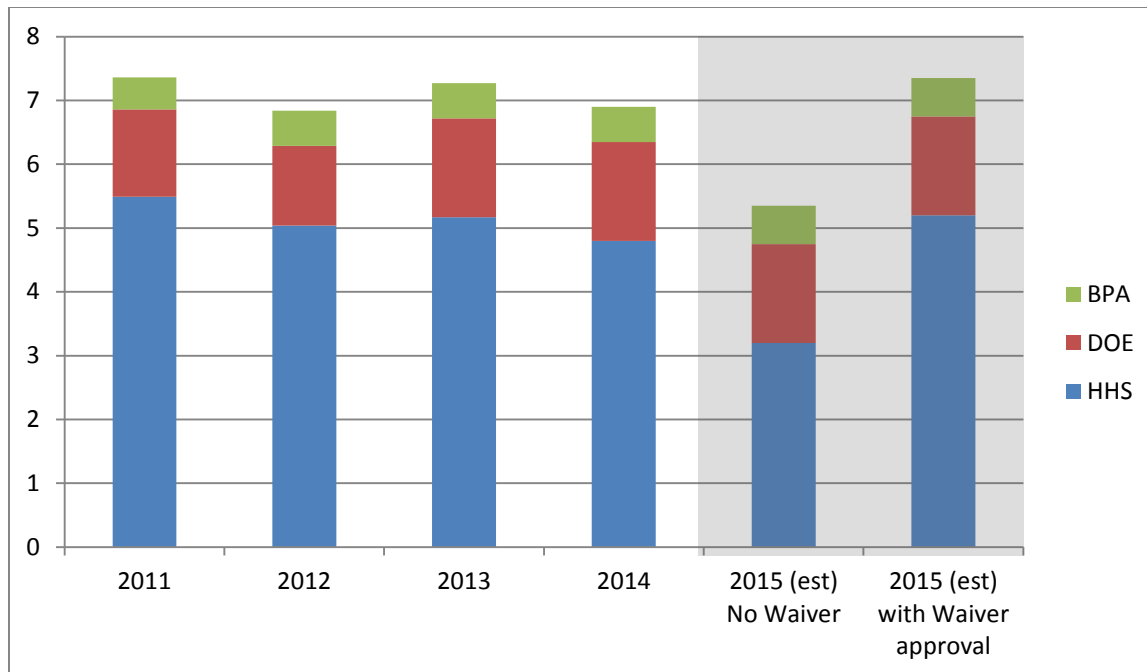
- Idaho's local agencies completed regular ARRA contracts March 31, 2011, and weatherized 4,447 units, 142% of the original production target of 3,113 units.
- Idaho's local agencies completed SERC contracts on March 31, 2012, and weatherized 638 units, 121% of the original production target of 525 units.

Weatherization Funding Trends

The following chart shows funding trends from PY 2011 to PY 2015 for the Idaho Low-Income Weatherization Program.

Chart 1: Idaho Low-Income Weatherization Program

Annual Program Funding Expenditures by Funding Source in Millions



The chart above shows that funding levels for Idaho's weatherization activities have remained relatively stable from 2011 to 2015. This stability has been possible partly due to our request for and approval of a waiver to transfer additional HHS LIHEAP funds to weatherization services in 2012, 2013, and 2014. This waiver to transfer up to 25% of LIHEAP funds to weatherization services for FY 2015 is crucial in order to maintain stability in our delivery of weatherization services to eligible LIHEAP households.

PUBLIC REVIEW AND COMMENT

45 CFR 96.83(c)(6)

A public hearing will be held in Boise on July 1, 2015, from 9:00 AM to 11:00 AM. A news release announcing the waiver application and public hearing was sent to major newspapers in Idaho. An announcement was placed on the Department website. Copies of the waiver were sent to Community Action Agencies, other agencies serving low-income populations, utility companies, and other interested parties in Idaho.

The Department will allow 12 days (June 26 – July 7, 2015) for public inspection and comment.

Testimony and written comments: Testimony will be accepted at the public hearing, which will be held at 450 W. State Street, Conference Room 2A, Boise, Idaho. Any testimony presented at the public hearing will be provided as an addendum to this waiver application. Copies of any written comments received at the public hearing or at any time during the public inspection and comment period will be provided as an addendum to this waiver application.

Waiver Request

The State of Idaho Department of Health and Welfare requests approval of a Good Cause Waiver from the United States Department of Health and Human Services to allow Idaho to exceed the 15% maximum transfer allowable for weatherization. Approval of the Waiver will allow Idaho to allocate up to 25% of its LIHEAP funds for weatherizing the homes of its most vulnerable households.